

**AMENDED MINUTES
ROCKFORD POLICE PENSION BOARD
FEBRUARY 18, 2016**

MEMBERS PRESENT: Jeff Nielsen, President
Marcia Mueller, V.P.
Joe Stevens, Secretary
Paul Swanberg, Assist. Secretary
Scott Laue, Trustee

ABSENT:

ALSO PRESENT: Roberta Holzwarth - Holmstrom & Kennedy
Mike Piotrowski – Marquette Associates

GUESTS: NONE

STAFF: Linda Wlaznik, Finance
Chris Black, Finance Director

The February 18, 2016 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:10 a.m.

Motion by Mueller and seconded by Laue to approve the January 21, 2016 minutes of the Board meeting as amended. APPROVED.

PUBLIC COMMENT

NONE

ATTORNEY'S REPORT

Attorney Holzwarth stated that the current actuary used by the Police Pension Fund, Tim Sharpe is being criticized and possibly disciplined by the American Academy of Actuaries. C. Black stated that the assumptions **used** in the **Fund's** current actuarial report are the same as the assumptions used by the Illinois Department of Insurance. The only difference is the investment rate of return. Attorney Holzwarth stated that she didn't feel it was urgent to decide one way or the other whether to keep Tim Sharpe as the pension fund's actuary. Attorney Holzwarth stated that going forward she wanted the board to be comfortable with the work being done by Tim Sharpe. Attorney Holzwarth stated she would be more concerned if Mr. Sharpe was disciplined for **his** actuarial **calculations** rather than the assumptions used **since the Fund's assumptions are consistent with those assumptions used by the Department of Insurance**. Mueller recommended Mr. Sharpe appear before the board. Attorney Holzwarth will contact the Fire Pension Board's attorney and discuss the Police Pension Board's position.

Motion by Mueller and seconded by Laue to table the retention of the actuary until the March meeting. APPROVED.

The board discussed the resignation of Chris Black, Finance Director and the possible impact on Linda Wlaznik. Mr. Black stated that he did not anticipate any effect and an Interim Director would be appointed. Nielsen stated that the board is concerned with the recent changes in staffing. The board congratulated Mr. Black on his new position with Rock Valley College.

CASH & INVESTMENT REPORT

Piotrowski stated that page 12 provides the annualized performance, net of fees and page 13 provides the calendar plan year performance, net of fees. For the year 2015 the fund was positive 0.8% and met the policy benchmark. The total market value of the fund is \$172 million. For 2015, the fund significantly underperformed the 7.5% actuarial rate of return. In 2015 there was a tremendous amount of volatility in the stock market.

The broad bond market was up slightly over 1%, the broad stock market was up less than 1%, and international securities were negative. Real estate was the only significant positive contributor, up over 11% in 2015. The fund would have had to be 100% invested in real estate in order to meet the actuarial rate of return. The fund has more fixed income, which is required by State Statute.

In January the broad markets were down significantly; currently the markets are down 6%. The market is down approximately 9% compared to May 2015. The fund lost 2.5% in value (net of fees) for the month, for the past 3 months, a loss of 3.3%, and for the past 12 months, a loss of 1.4%.

Motion by Mueller and seconded by Laue to approve withdrawal of \$1.2 million from Segall Bryant & Hamill for cash needs. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

Dimensional Fund Advisors will be at the March meeting. Piotrowski reviewed the manager analysis page.

Motion by Mueller and seconded by Laue to approve purchases and sales. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

CITY BILLS

Motion by Mueller and seconded by Laue to approve February City Services of \$8,875.25. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

Motion by Mueller and seconded by Laue to approve January postage charges of \$141.30. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for January attorney fees for general in the amount of \$506.25. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for attorney fees for services regarding 2015 annual medical reviews in the amount of \$900.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for attorney fees for services regarding 2016 annual medical reviews in the amount of \$90.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to Kayne Anderson Rudnick for Investment management fees from October 1, 2015 through December 31, 2015 in the amount of \$30,757.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to Segall Bryant & Hamill for Investment management fees from January 1, 2016 through March 31, 2016 in the amount of \$18,892.98. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to Marquette Associates for Investment management fees from February 1, 2016 through April 30, 2016 in the amount of \$16,250.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Stevens and seconded by Laue to approve the expense report for Marcia Mueller in the amount of \$139.50. APPROVED.

Ayes: Nielsen, Stevens, Swanberg, and Laue

Nays: None

Abstain: Mueller

ATTORNEY'S REPORT

Attorney Holzwarth reminded the board they would be receiving the annual Economic Interest statements.

NEW BUSINESS

Wlaznik announced that the police pension fund received a refund of approximately \$5,000.00 for the 2015 annual amount for City services.

Motion by Mueller and seconded by Stevens to approve the application for retirement for Douglas Clinite effective February 20, 2016. The monthly benefit is \$5,152.38 or \$61,828.52 annually, with

the first prorated benefit in the amount of \$1,776.68 for February. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code.

APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to terminate the spousal pension benefits to Joanne Peterson, widow of Harold Peterson, due to her death on January 20, 2016. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

PAYROLL

Motion by Mueller and seconded by Stevens to approve the February payroll amount of \$1,311,766.68. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the January actual payroll amount of \$1,311,798.06. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion to adjourn was made and seconded at 9:42 a.m.

A handwritten signature in black ink, appearing to be 'WG' followed by a stylized name, possibly 'Nielsen'.